

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6560

BILL NUMBER: HB 1235

NOTE PREPARED: Jan 12, 2014

BILL AMENDED:

SUBJECT: Savings Promotion Raffles.

FIRST AUTHOR: Rep. Riecken

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill allows an eligible depository financial institution to offer and conduct a savings promotion raffle that: (1) is associated with one or more qualified accounts or qualified financial programs offered by the eligible depository financial institution; and (2) offers eligible individuals one or more chances to win specified prizes.

The bill specifies certain conditions that a savings promotion raffle must meet. It provides that a savings promotion raffle must allow an eligible individual to obtain an entry to win a prize only by doing either or both of the following: (1) depositing a minimum specified amount in a qualified account. (2) participating in one or more qualified financial programs. It provides that a savings promotion raffle must be approved by: (1) the Director of the Department of Financial Institutions (DFI); and (2) the eligible depository financial institution's board of directors; before it is offered or promoted to eligible individuals.

The bill permits the DFI to: (1) adopt rules, policies, or guidance; and (2) exercise certain enforcement powers; with respect to the conduct of savings promotion raffles in Indiana.

The bill requires the DFI to: (1) monitor federal regulatory and legislative action concerning the authorization of certain depository financial institutions prohibited by federal law from offering savings promotion raffles or similar prize linked savings products to offer such raffles or products; and (2) not later than 30 days after learning that federal action has been taken to authorize any of the institutions to offer such raffles or products: (A) adopt rules, policies, or guidance to provide that any of the institutions that seek to offer a savings promotion raffle to Indiana residents must offer and conduct the savings promotion raffle in accordance with these new provisions; and (B) notify the Legislative Council of the federal action taken so that the General Assembly may prepare legislation to conform these new provisions, or any other statute or

rule, with the federal action taken.

The bill specifies that Indiana Code provisions concerning: (1) charity gaming; (2) promotional gifts and contests; and (3) criminal gambling; do not apply to a savings promotion raffle offered or conducted by an eligible financial institution.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill allows credit unions to conduct savings promotion raffles. Federal regulations currently prohibit other financial institutions from conducting savings promotion raffles or similar prize linked savings products. It requires the DFI to monitor federal regulations related to savings promotion raffles. It requires the DFI to allow other financial institutions to conduct savings promotion raffles within 30 days of learning that federal prohibitions have been removed.

It is unknown how many such raffles will be conducted by the eligible depository financial institutions. The bill provides that, depending on the federal regulations, the DFI may: (1) make available the approval form for savings promotion raffles to eligible depository financial institutions; (2) adopt rules and policies; (3) examine the conduct of savings promotion raffles; and (4) issue cease and desist orders or exercise other enforcement powers for a violation of the requirements under the bill.

The bill provides that savings promotion raffles must be approved by the DFI. The requirements related to savings promotion raffles will lead to additional administrative cost for the DFI. The bill does not make any additional appropriations to cover the cost. The DFI is funded through money deposited into the Financial Institutions Fund, which is a dedicated fund that receives fees and penalties. The money in the fund is appropriated to the DFI. The FY 2015 appropriation to the DFI is \$7.44 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Randhir Jha, (317) 232-9556.